

## Test Your Investing IQ

Circle the best answer.

1. Joe is 25 years old and wants to start investing. If he plans to retire at age 65, which of these investments will most likely yield the greatest return?

- a) stocks
- b) bonds
- c) savings accounts at a bank
- d) I don't know

2. Mary is 70 years old and will retire this year. She has enough money in her retirement account to cover her current living expenses. She wants to invest some money to help with future health care and housing costs. Mary found two investments in the financial section of her Sunday paper. Which investment would be the most suitable for Mary?

- a) stock in a new dot-com company run by some of her former students
- b) a CD with a 30-year maturity date, callable after one year
- c) Mary should keep looking, both of these options pose significant risks
- d) I don't know

3. You have a great idea for a new restaurant but you don't have enough money to open it yourself. You decide to raise money by selling shares of stock. Which choice best describes how to attract potential investors?

- a) set up a Web site with a return e-mail address
- b) place an ad in the newspaper, on the radio or in a newsletter
- c) you should not solicit any investors until you check with the Montana Securities Department in the State Auditor's Office
- d) I don't know

4. Who insures the money you invest against loss?

- a) no one, that is the risk you take when you invest
- b) the Securities and Exchange Commission (SEC)
- c) the company selling the investment
- d) I don't know

5. Federal and state laws protect investors by requiring companies to:

- a) guarantee that investors will not lose any money
- b) tell investors about the risks associated with the investment
- c) repay investors who have lost money
- d) I don't know

Your age: \_\_\_\_\_ Montana county: \_\_\_\_\_